

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6391

BILL NUMBER: HB 1062

NOTE PREPARED: Dec 1, 2006

BILL AMENDED:

SUBJECT: Review of Privatization of State Functions.

FIRST AUTHOR: Rep. Micon

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill creates the Privatization Review Committee. The bill requires a state agency to develop a privatization plan before privatizing any state program. The bill also requires a state agency to hold a hearing on the plan and report the results of the hearing to the public and the Committee. It requires the Committee to: (1) review a privatization plan before the plan is implemented; and (2) make advisory recommendations to the Governor. The bill also provides that a privatization contract may not extend beyond June 30 of a year in which a governor next takes office.

Effective Date: Upon passage.

Explanation of State Expenditures: *Privatization Committee:* This bill establishes the 15-member Privatization Review Committee, consisting of 12 legislators and 3 lay members. The Committee is responsible for holding hearings to (1) review plans of state agencies that are privatizing programs, and (2) make an advisory recommendation to the Governor. The Committee may meet at any time during the year upon the call of the chairperson.

Members of the Committee who are not members of the General Assembly are not entitled to the minimum salary per diem provided under Indiana law. The member is, however, entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties. Members of the Committee who are members of the General Assembly are entitled to receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the Legislative Council. The expenses of the Committee shall be paid from appropriations made to the Legislative Council or the Legislative Services Agency.

Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members. The Legislative Services Agency would be responsible for staffing the Committee.

Privatization Plan: The bill requires a state agency to prepare a privatization plan. Not less than 45 days before a privatization plan becomes effective, the state agency must submit the plan to the Privatization Review Committee. This provision of the bill should have minimal fiscal impact. The vast majority of the requirements falling under the state agency's responsibilities are currently completed during contract procurement processes. Agencies should be able to collect any additional information required by the provisions of the bill within the existing level of resources available to the agency.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All; Legislative Services Agency.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Sarah Brooks, 317-232-9559.